

State Lottery

Analyst: Milstead

Historical Summary

OPERATING BUDGET	FY 2004 Total App	FY 2004 Actual	FY 2005 Approp	FY 2006 Request	FY 2006 Gov Rec
BY FUND CATEGORY					
Dedicated	10,470,700	9,668,700	10,845,900	10,947,600	10,833,500
Percent Change:		(7.7%)	12.2%	0.9%	(0.1%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	2,412,300	2,297,500	2,545,100	2,698,200	2,687,900
Operating Expenditures	7,996,000	7,264,200	7,983,700	8,122,000	8,018,200
Capital Outlay	62,400	107,000	317,100	127,400	127,400
Total:	10,470,700	9,668,700	10,845,900	10,947,600	10,833,500
Full-Time Positions (FTP)	47.00	47.00	48.00	48.00	48.00

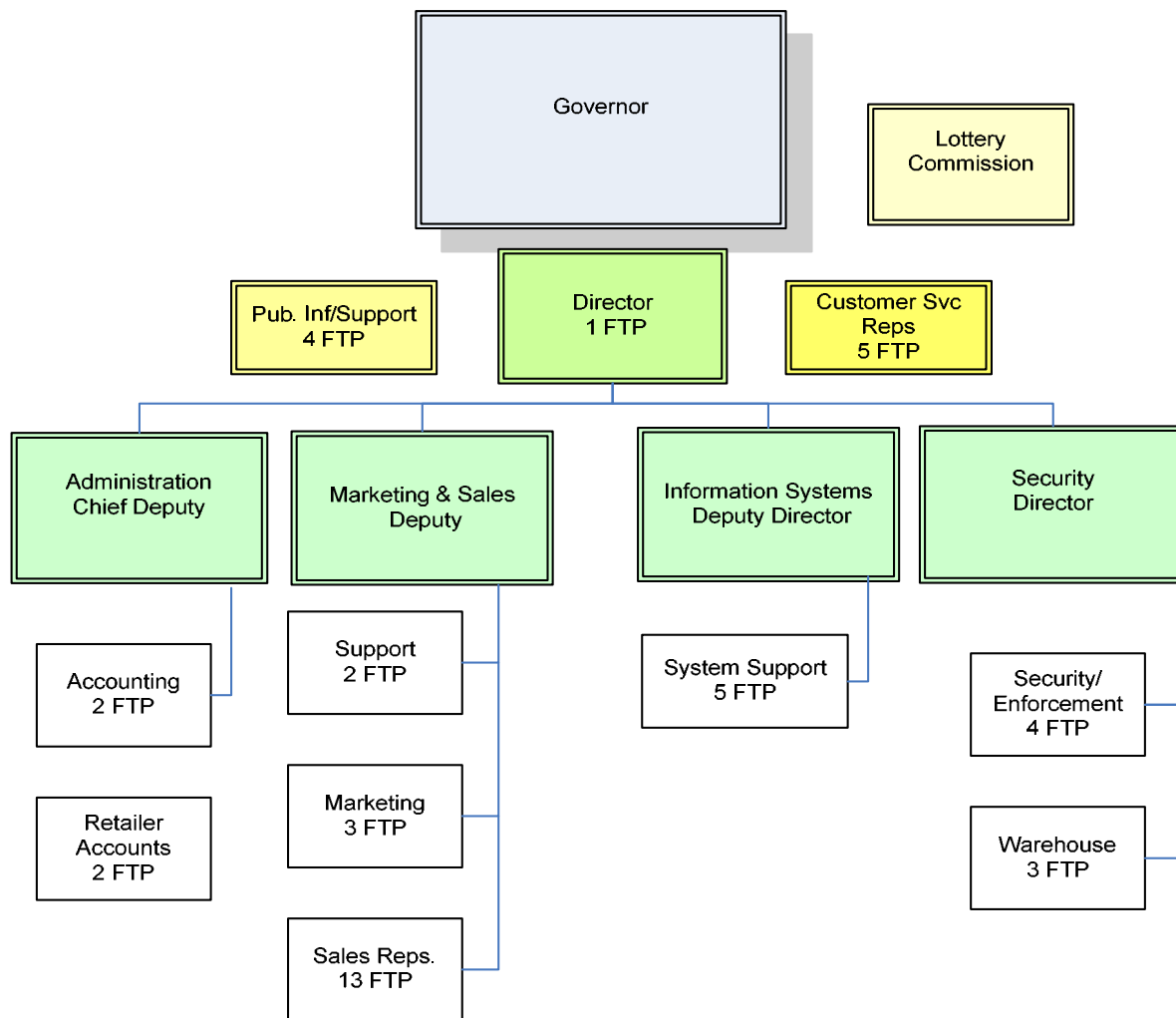
Division Description

In 1988, the Legislature authorized a vote by the electorate of Idaho for a constitutional amendment repealing the constitutional ban on lotteries. The constitutional amendment passed by 51%.

The mission of the Idaho Lottery is to maximize net income and the resulting annual dividend payments for Idaho public schools and buildings. Since its inception in 1989, the Lottery has produced more than \$275 million in dividends. The Idaho Lottery Commission is a five-member board appointed by the Governor and serves five-year terms. The Commission adopts rules for the agency, approves contracts and monitors all Lottery operations.

State Lottery Agency Profile

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Sources/Uses of Funds

State Lottery Fund (419-00): Derived from the sale of lottery tickets (Idaho Code section 67-7428). The Fund is used to pay agency administrative expenses including personnel, operating and capital outlay. Also, expenditures include the following continuously-appropriated expenses: prizes, retailer commissions, and advertising and promotion costs. For example, in FY 2004, prize payments were \$64,733,231, retailer commissions were \$6,309,029 and advertising was \$2,994,992.

FY 2005 App.

\$10,845,900

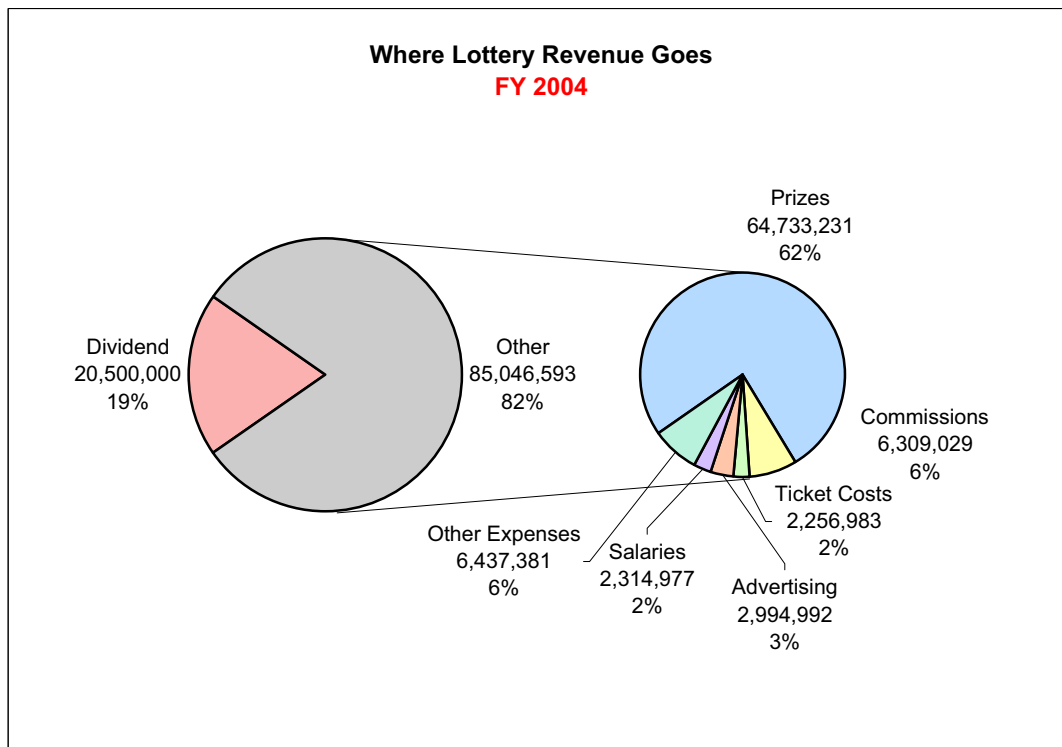
Statutory Requirements

Prize payout shall be no less than 45% of lottery revenues.

Administrative costs shall not exceed 15% of lottery revenue during any fiscal year.

Advertising & promotional costs shall not exceed 3.5% of lottery revenue during any fiscal year.

Where Lottery Revenue Goes
FY 2004



Selected Measures

	FY 2002 Act	FY 2003 Act	FY 2004 Act	FY 2005 Est.
1 Increase annual dividend \$500,000	18 million	18.5 million	20.6 million	25 million
2 Retail locations selling on-line tickets	700	715	732	740
3 Scratch tckt vending machines	225	225	245	265
4 Retailers selling scratch tickets	1,002	1,002	1,012	1,015
5 Retailers selling pull-tab tickets	160	160	170	175

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2005 Original Appropriation	48.00	0	10,845,900	48.00	0	10,845,900
HB 805 One-time 1% Salary Increase	0.00	0	21,400	0.00	0	21,400
Governor's Rescission	0.00	0	0	0.00	0	(7,500)
FY 2005 Total Appropriation	48.00	0	10,867,300	48.00	0	10,859,800
Removal of One-Time Expenditures	0.00	0	(285,100)	0.00	0	(282,800)
Base Adjustments	0.00	0	0	0.00	0	5,200
FY 2006 Base	48.00	0	10,582,200	48.00	0	10,582,200
Benefit Costs	0.00	0	45,700	0.00	0	35,400
Inflationary Adjustments	0.00	0	103,800	0.00	0	0
Replacement Items	0.00	0	74,000	0.00	0	74,000
Nonstandard Adjustments	0.00	0	34,500	0.00	0	34,500
Change in Employee Compensation	0.00	0	21,500	0.00	0	21,500
27th Payroll	0.00	0	85,900	0.00	0	85,900
FY 2006 Total	48.00	0	10,947,600	48.00	0	10,833,500
Change from Original Appropriation	0.00	0	101,700	0.00	0	(12,400)
% Change from Original Appropriation			0.9%			(0.1%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2005 Original Appropriation					
	48.00	0	10,845,900	0	10,845,900

HB 805 One-time 1% Salary Increase

Reflects one-time salary increase pursuant to HB 805.

Agency Request	0.00	0	21,400	0	21,400
Governor's Recommendation	0.00	0	21,400	0	21,400

Governor's Rescission

Agency Request	0.00	0	0	0	0
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The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.

Governor's Recommendation	0.00	0	(7,500)	0	(7,500)
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FY 2005 Total Appropriation

Agency Request	48.00	0	10,867,300	0	10,867,300
Governor's Recommendation	48.00	0	10,859,800	0	10,859,800

Removal of One-Time Expenditures

Reflects the removal of one-time salary increase and non-recurring capital outlay.

Agency Request	0.00	0	(285,100)	0	(285,100)
Governor's Recommendation	0.00	0	(282,800)	0	(282,800)

Base Adjustments

Agency Request	0.00	0	0	0	0
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Restore risk management rescission to the base.

Governor's Recommendation	0.00	0	5,200	0	5,200
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FY 2006 Base

Agency Request	48.00	0	10,582,200	0	10,582,200
Governor's Recommendation	48.00	0	10,582,200	0	10,582,200

Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.

Agency Request	0.00	0	45,700	0	45,700
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The Governor does not recommend increases related to changes in the Public Employee's Retirement System.

Governor's Recommendation	0.00	0	35,400	0	35,400
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Inflationary Adjustments

Includes a general inflationary increase of 1.3% in operating expenditures and trustee/benefit payments.

Agency Request	0.00	0	103,800	0	103,800
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The Governor recommends no increase for general inflation.

Governor's Recommendation	0.00	0	0	0	0
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Replacement Items					
Includes the following replacement items: 25 of 50 personal computers (\$1,000 each); five laptops (\$1,500 each); one router (\$3,000); two printers (\$8,000 each); and an Interactive Voice Response System for \$22,500. This computerized telephone system will be used to give players winning number information in an automated fashion.					
Agency Request	0.00	0	74,000	0	74,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>74,000</i>	<i>0</i>	<i>74,000</i>
Nonstandard Adjustments					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services. Also included are changes in property and casualty insurance premiums and the cost of office space leased to state agencies by the Department of Administration.					
Agency Request	0.00	0	34,500	0	34,500
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>34,500</i>	<i>0</i>	<i>34,500</i>
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	21,500	0	21,500
<i>The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>21,500</i>	<i>0</i>	<i>21,500</i>
27th Payroll					
Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.					
Agency Request	0.00	0	85,900	0	85,900
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>85,900</i>	<i>0</i>	<i>85,900</i>
FY 2006 Total					
Agency Request	48.00	0	10,947,600	0	10,947,600
<i>Governor's Recommendation</i>	<i>48.00</i>	<i>0</i>	<i>10,833,500</i>	<i>0</i>	<i>10,833,500</i>
Agency Request					
Change from Original App	0.00	0	101,700	0	101,700
% Change from Original App	0.0%		0.9%		0.9%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>0</i>	<i>(12,400)</i>	<i>0</i>	<i>(12,400)</i>
<i>% Change from Original App</i>	<i>0.0%</i>		<i>(0.1%)</i>		<i>(0.1%)</i>